

## Weekly Market Report For 29 July – 1 August 2025

### Overview



- Global stock market fell due to concerns about the US economy.
- Fed and the BOJ keep interest rate unchanged as expected.
- Overall US economic data remains strong, but job data was weak.
- US trade deals show some clarity.
- IMF raised its global GDP forecast for 2025.
- S&P500 companies have earnings beats.

### Market Brief



**Last week, stocks slump on soft jobs data amid tariff jitters.**

- S&P 500 -2.4% and Nasdaq -2.2%
- Oil prices fell on Monday morning after OPEC+ agreed on Sunday (Aug 3) to raise oil production by 547,000 per day from September.



**US**

- The Federal Reserve maintained its interest rate at 4.25%-4.5% as expected, with two officials dissenting. The committee acknowledged that the US economy has slowed in the first half of the year amid strong job market. The Fed Chair reaffirmed that the central bank will not rush to cut rates in September meeting and will wait to see additional information before making a decision. He also assessed that the impact of tariff is limited and temporary.
- The US economy grew an annualized 3% in 2Q25, beating expectations of a 2.5% - 2.6% rise. The core PCE went up 0.3% MoM as expected. From the previous year, the index rose by 2.8%, above expectations of 2.7%. The job market shows sign of weakness. Nonfarm payrolls added just 73,000, payrolls gain in the previous 2 months were revised down, and unemployment rate edged up to 4.2%. Traders have priced in a 83% chance for a rate cut in September.
- The US Treasury yields fell sharply, with the return on the 2-year note plummeting as much as 28 bps and the 10-year yield tumbled by 16 bps to 4.2%, reflecting the shift in rate-cut bets. Gold prices edged higher.



**China:**

- China Politburo said the economy in the first half of this year remains strong and overall economic data remains on track. Top leaders have vowed to maintain its macro policy support, which have been focused on supporting high technology, domestic consumption, and hiring. Politburo sent a clear signal about their commitment to tackle overcapacity and disorderly competition. China is targeting economic growth of around 5% in 2025, signals flexible and steady economic policies.
- Goldman Sachs sees Beijing is ready to add more stimulus if needed. The package is expected to focus on some specific sectors or industries. Deutsche Bank assesses that China economy may slow down in the second half and the central bank may cut policy rates in 4Q25.



**Japan:** The BOJ held steady its benchmark short-term rate at 0.5%, in line with market expectations. The central bank raised its GDP forecast for 2025 from the previous projections of 0.5% to 0.6% and revised its core inflation forecast from 2.2% to 2.7%. Despite easing trade tensions, US tariff is expected to hurt economy and push inflation higher. The BOJ signals that it will lift policy rate if inflation accelerates as anticipated. Goldman Sachs expects the next BOJ's hike will be in January 2026.



**Trade negotiations between the US and other countries have become clearer.** New tariffs on many countries are lower than Trump previously announced, reflecting the strategy of using tariffs as a negotiating tool as expected.

- China:** The US and China have agreed to work on extending a deadline for new tariffs on each other after trade talks in Sweden, with no detail and timeframes. US Treasury Secretary Scott Bessent said that Trump would make the final decision and that the situation would need to be closely monitored.
- Thailand:** Thai's goods will face a 19% tariff, downed from 36% previously and in-line with its neighbors, for example Indonesia, the Philippines, and Malaysia will face a 19% levy, while US imposes a 20% tariff on Vietnam and Taiwan. Therefore, it is unlikely to have a significant impact on Thailand's competitiveness. However, the details and the impact in each industry should be closely monitored.
- South Korea:** The new US tariff rate is set at 15%, down from the previously announced 25%. Under the deal, US goods will not be subjected to any tariffs and South Korea will purchase \$100 billion of LNG and invest \$350 billion in the US.
- India:** Trump imposed a 25% tariff on India, higher than expected, and he cited that India has non-tariff barriers and the country continues to buy military equipment and oil from Russia.
- Canada:** Trump puts 35% tariff on Canada.
- Mexico:** Trump grants Mexico a 90-day extension.



**The IMF has raised its 2025 global GDP forecast from 2.8% to 3%,** driven by consumption and lower-than-expected tariff rates. The US growth is upgraded to 1.9%, Europe 1%, and China 4.8%. The IMF expected the Thai economy to expand by 2%, driven by strong manufacturing and exports, although growth may be slowed in the second half due to the impact of US tariffs. Meanwhile, the IMF warned of risks from trade policy, geopolitics, fiscal deficits, and tight global financial conditions.



**2Q25 earnings:** So far 66% of S&P500 companies have reported earnings, with 82% of companies have beat earnings estimates. EPS grew by 10% in 2Q25, higher than market estimates of 4.9%.

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